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Maine Works Jobs for Your Future ITV Resource Packet: Small Business Entrepreneurship

Maine Occupational Information Coordinating Committee

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MAINE Works

Jobs for Your
Future

ITV Resource
Packet

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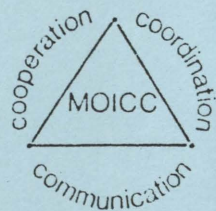
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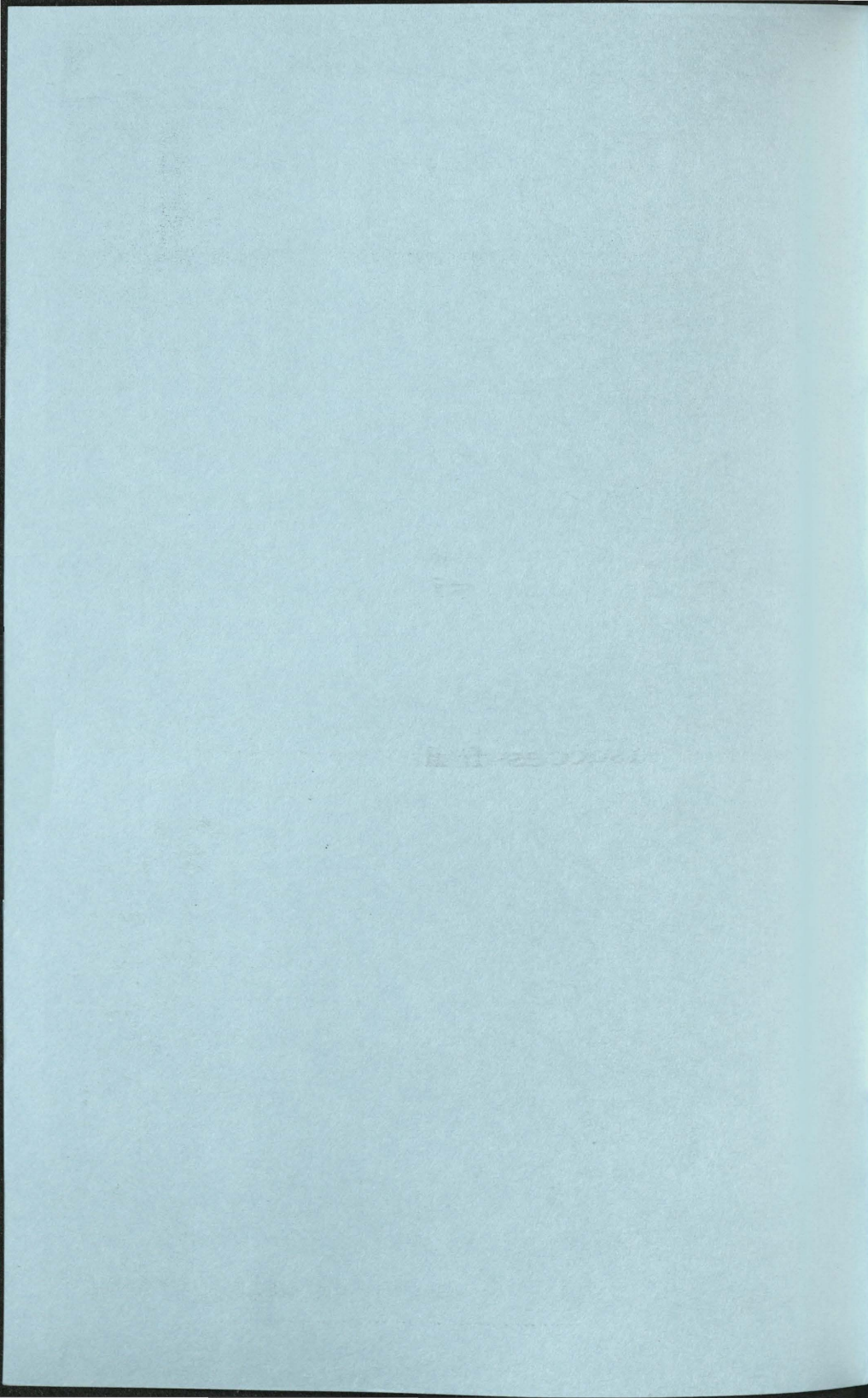
MAINE Works

ITV programs
and resource packets
are available for six
career areas.

This Interactive
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INTRODUCTION

This brochure is presented as part of Governor McKernan's interactive television (ITV) series called MAINE WORKS. The focus of this program will be entrepreneurial and small business opportunities in the State of Maine.

Entrepreneurs are like many people who work for themselves, yet they are a different breed. They are self-employed and work in many industries and occupations in Maine. Some people may run and operate a small business, but might not be considered entrepreneurs.

This ITV program will focus on individuals who have developed successful businesses in the State of Maine.

Oftentimes, success for the entrepreneur is not monetary reward, but the excitement of the process. They are the risk takers and must make best of their successes and learn from their failures. Entrepreneurship is characterized by (1) uncertainty and risk, (2) competent management, and (3) creative problem solving.

As you view the program and read this booklet, see if you can sense the differences between a business owner and an entrepreneur.

THE ENTREPRENEUR

—BORN, BRED OR BASHED INTO SHAPE?

by Lloyd D. Brace, Jr.

"One who organizes, owns, manages and assumes the risk of a business" is the way the big Oxford dictionary defines "entrepreneur." Those four verbs involve more energy, commitment and talent than most people are prepared to devote to their work. Many young people who have seen entrepreneurs up close in their lives (a relative, a family friend, an employer, etc.) will say, "I want to be an entrepreneur." To them I will say "You may already be one, so take a look at yourself." Others, from the same observations will conclude, "No way would I be an entrepreneur!" To them I would say, "You may already be one, so take a good look at yourself."

Let us talk first about what an entrepreneur is not. An entrepreneur is not a gambler. Gamblers have a peculiar addiction to the sensation that goes along with committing money to pure chance. Entrepreneurs like to manage risk by understanding it better than most people. It is said that entrepreneurs succeed by taking risks. The statement errs through brevity. Tack onto it "... under thoughtful management," and you've got it right. Many people avoid risk altogether. There are very few entrepreneurs among them, and no gamblers.

About 25 years ago some psychologists at MIT (Massachusetts Institute of Technology) ran an experiment among schoolboys from Boston and its suburbs, boys from all sorts of backgrounds. First all the boys' different traits and backgrounds were noted. Then the boys were invited to play a special kind of ring-toss game, like the one at carnival midways. The difference was that there was only one target and the score was weighted for distance. The farther away you were the bigger the score for throwing the

ring on the peg. The conservatives were all down getting small scores on almost every throw. The gamblers were way back, shooting for the one big score. The kids who were most likely to be successful entrepreneurs—based on their personal profiles, regardless of their socio-economic status—were in the middle. They won some and they lost some but they had found that they could apply skill to the game and were racking up the most points.

Entrepreneurs are not primarily after big money. The score is usually kept in dollars, but people who know they want to get rich usually get into some kind of trading stocks and bonds, big time real estate, commodity trading, oil and mineral leases and so forth. It's not that entrepreneurs don't like money. It's just that they are interested in "the game," not the stakes.

To make clearer what it takes to be an entrepreneur, let us translate the word into the English "enterpriser." One makes an enterprise. One's enterprising. Somebody like that has some traits they were born with, some that were strengthened by their early upbringing and some that were knocked into them in their teens, twenties and thirties.

The premier trait of an entrepreneur is God-given energy. It's being "full of beans." Young entrepreneurs-to-be don't just build any old raft on a seashore holiday. They figure out how to level down huge driftwood logs from way above high tide, remember the tangled ball of wire from the last trip to the dump and put two days into building a floating fortress that they camp out on. Enterprisers need this energy, because as major domo of a business, they are the underpinning and last resort. At 5 p.m. their employees go home. If there's a baffling new problem, the enterpriser must learn a new subject well enough to get the mental tools to solve it. It takes energy to look up or seek out the things one needs to know at such a time.

The next things needed are a pair of inherited capacities for abstract analysis and for practical synthesis. In other words, the entrepreneur has to be able to understand the real meaning behind confusing detail. The entrepreneur has to put facts together and gather observations into relationships that "nobody ever imagined before." These traits lead into many other careers as well—constitutional law, science, politics and literature, for a few examples. But if budding enterprisers don't have them, their minds will not be able to pierce the risky-looking maze of circumstance and see the workable concept behind it.

Now for the "bred-in" part of an enterpriser's nature. "Breeding" in people means values and attitudes, what your parents put into your head and heart by what they do and say during the first ten years of your life. It's a big subject and we can't list it all here, but can only try to hit some high spots. Here's a list:

Pride of craft—liking to do a good job just for the sake of it.

Integrity—not being two-faced. Being consistent in the way your values come out in what you do and say.

Constancy or persistence—the conviction that no matter how big the pile of work is or how mystifying the problem is, mind and hand can see one through the resolution if steady application is behind them.

Humility—a recognition that while one may be gifted in certain ways, he/she is not big enough to be gifted in all ways. Knowing and showing that others' traits and talents have crucial value in an enterprise.

A slightly fatalistic sense of perspective—Entrepreneurs have their ups and downs. For much of their working lives they may not have a steady paycheck. Like farmers, trappers, gold prospectors and fishers, they need to have a certain faith about the long pull. Enterprisers remember quite often that they came into the world wet, broke and naked and that their departure will be quite similar. They know that having a big house with stereo, Jacuzzi

and a luxury car are not essential preconditions or accompaniments to their activity. If they are lucky, they'll wait awhile for the house, listen to an FM portable radio, take showers, and if married, have patient and working spouses.

Finally, one should attend the school of hard knocks for a while, but not too long a while. Experience, wide ranging exposure to the way the world is, brings "street smarts" to the entrepreneur's kit of tools. Kids who "try things" can gather a wealth of experience before they're 20. If born with curiosity and imagination, they'll be processing that experience into wisdom which will fuel their judgment of risk. Youthful experience is usually gained more cheaply, because the seeker tends to be more resilient. It's good experience to sign on as a piecework apple picker or blueberry raker. One learns a thing or two about how tough it is to get some money together. One learns about learning curves of skills. One gains respect for those of different, perhaps less affluent, background, who have some talent far beyond one's own. Every experience can contribute something to this fund of perception on which an enterpriser will draw.

I have to close on the "mystery" ingredient of entrepreneurship: luck. We need to recognize that there is an element of it in the forces shaping our paths in life. Most people conceive of luck simply as blind chance, a cosmic lottery that brings electrocution from a faulty appliance or a mineral find on the back forty. That's a part of it, but luck has another facet that can be polished by attitude and wit. That kind of luck is the general richness of opportunity that is uncovered when one is ready for it all by being curious, imaginative, energetic—all the other things an entrepreneur is made of.

INFORMATION & RESOURCES ON ENTREPRENEURSHIP

- American Entrepreneurs Association, 2311 Pontius Avenue, Los Angeles, California 90064
- American Women Entrepreneurs, 60 East Forty-Second Street, New York, N.Y. 10165
- U.S. Department of Commerce, Office of Publications & Public Affairs, Main Commerce Building, Washington, D.C. 20230
- U.S. Small Business Administration, 1441 L Street, N.W., Washington, D.C. 20416
- *The Innovators: Rediscovering America's Creative Energy*, Botkin & Dimancescu
- *Innovation and Entrepreneurship: Principles and Practices*, Drucker
- *America's New Women Entrepereneurs*, Harrison
- *The Student Entrepreneur's Guide*, Kinstone

Excerpted from *The Changing Workplace*, 1989, by Carl McDaniels, Jossey-Bass.

OPERATING A SMALL BUSINESS IN THE THE UNITED STATES:

A Brief Summary

An estimated 18.1 million businesses, including many part-time businesses, were in operation in the United States in 1987. Over 230,000 business starts were recorded and nearly 680,000 were incorporated. Over the first nine months of 1987 there were 61,236 recorded business failures. In 1986, business failures totalled 61,601.

Small business earning—earning of sole proprietorships and partnerships—increased at an annual rate of 11.1% during the first nine months of 1987. Employment in industries dominated by small firms increased by 3.5% in 1987.

Job creation in the economy has been largely an outcome of small business, especially activity by firms with fewer than 20 employees. Of the 10.5 million new jobs created over the 1980-86 period, 63.5% were created by businesses with fewer than 500 employers, 38.7% by businesses with less than 20 employees.

Women's business ownership continues to expand more rapidly than business ownership by men.

In the year 2000 small firms will face stiff competition in recruiting workers from a tighter labor force. The trend to hire more women and minorities will continue. Small businesses will increase on-the-job training for employees and make greater use of labor saving innovations.

Technological change will be an important determinant of small business success in the 1990's. Small firms will make major investments in computers, and computer literacy will become a prerequisite for the management of most businesses.

Excerpted from *The State of Small Business*, 1988

DOING BUSINESS IN MAINE— A START-UP CHECKLIST

Before establishing a business, it is necessary to comply with a variety of federal, State, and municipal government regulations. The following checklist is designed as a general reference guide:

- ☐ Prepare a written business development plan, complete with financial statements.
- ☐ Decide whether you wish to operate as a sole proprietorship, partnership, or corporation.
- ☐ If you decide to incorporate, obtain incorporation papers from the Bureau of Corporations (State House Station 101, Augusta 04333).
- ☐ Obtain a federal employer identification number from the nearest Internal Revenue Service Office (FORM SS-4, EIN).
- ☐ Obtain an unemployment insurance identification number from the Unemployment Compensation Division (Station 54).
- ☐ Check on compliance with the Workers's Compensation Act by contacting the Workers' Compensation Commission (Station 27).
- ☐ Check on compliance with the Occupational Safety and Health Act by contacting the Bureau of Labor Standards (Station 45).
- ☐ If you plan to sell a taxable product or service, obtain a State Sales Tax Number from the Bureau of Taxation (Station 78).
- ☐ Call your local municipal office to determine any licensing or registration requirements.
- ☐ If your business will be operated out of your home, check with your local code enforcement officer to avoid any violation of local codes.

Adapted from *A Guide to Doing Business in Maine* (1989), Office of Business Development, Maine Department of Economic and Community Development, State House Station 59, Augusta, ME 04333. For more information, please call: 1-800-872-3838.

BUSINESS STARTS & FAILURES IN MAINE

- As of 12/88 there were approximately 33,827 businesses in the State of Maine.
- New business starts totalled 4,417.
- Of the total 32,444 businesses in Maine, 4,348 businesses reported failure during the year. 1,246 of the reported failures were taken over by successors.
- Of the almost 34,000 businesses in Maine, 33,211 employed under 100 workers:
- 19,227 firms employed four or fewer workers.
- 6,439 firms employed 5 to 9 workers.
- 4,102 firms employed 10 to 19 workers.
- 561 firms employed 24 to 49 workers.
- 882 firms employed 50 to 99 workers.
- 616 firms in the State of Maine employed more than 100 workers.

U.S. SMALL BUSINESS ADMINISTRATION PUBLICATIONS

The following Business Development Booklets are available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Write for current prices on order form SBA 115B.

Handbook of Small Business Finance—Small Business Management Series No. 15.

Ratio Analysis for Small Business—Small Business Management Series No. 20.

Guides for Profit Planning—Small Business Management Series No. 25.

Starting and Managing a Small Business of Your Own—Starting and Managing Series No. 1.

The following Business Development Pamphlets are available for a small processing fee. Write: U.S. Small Business Administration, P.O. Box 15434, Fort Worth, TX 76119, for order form 115A, which lists publications and fees.

- *The ABC's of Borrowing*—MA 1.001
- *What is the Best Selling Price?*—MA 1.002
- *Keep Pointed Toward Profit*—MA 1.003
- *Basic Budgets for Profit Planning*—MA 1.004
- *Analyze Your Records to Reduce Costs*—MA 1.011
- *Planning & Goal Setting*—MA 2.010
- *Checklist for Going Into Business*—MA 2.016
- *Business Life Insurance*—MA 2.009
- *Techniques for Problem Solving*—MA 3.010
- *Learning About Your Market*—MA 4.019
- *Selecting the Legal Structure for Your Business*—MA 6.004

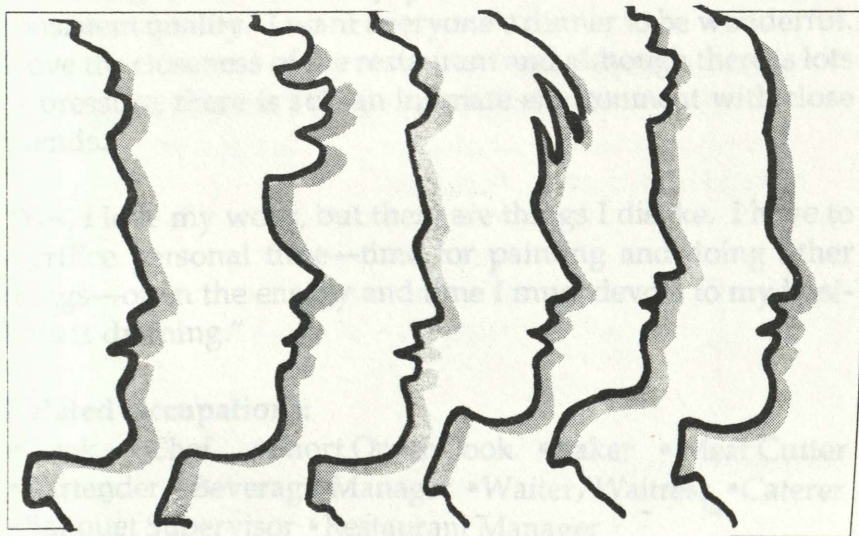
SMALL BUSINESS MANAGEMENT ENTREPRENEURSHIP

PERSONAL PROFILES

Self definition is an important aspect of career decision making. Perhaps, as a result of the world we see and the beliefs that bolster our character, we make choices—choices that define our lifestyles, our work and how we interact with others.

In the pages that follow you will read personal profiles of six individuals who have made choices—choices based on circumstance, on values, on personal preferences, and on how they perceived their fit into this world we call work.

Read the stories that they have chosen to share with you. Relate their stories to your life, the people you know, friends and family members. As they have chosen to define their lives, you in your way should seek to define yours.



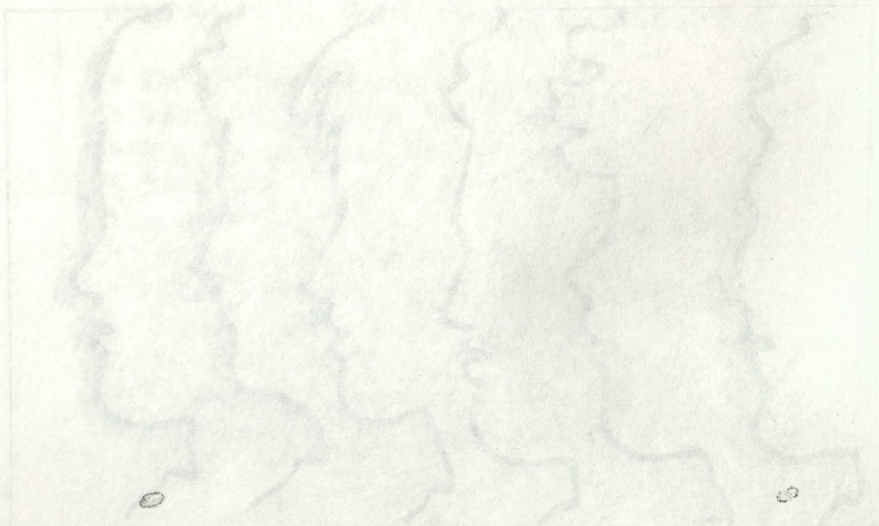
Leo W. Caron, owner of Caron's Collision Repair Center in Augusta, Maine, has been doing auto body work for 37 years. At the age of fifteen, Leo became an auto body repairer in Brunswick and moved to Augusta where he continued working as a repairer for a local car dealership.

In 1961, opportunity knocked. Leo was given an offer to purchase a small autobody repair shop. "I wanted to make my situation better. I could always work for a dealership, but knew that advancement and financial rewards would be limited."

In 1961, Leo operated a two bay auto repair shop. Today, at the same location, Leo's business has expanded to an eight bay operation with a foreman and six auto body repairers. Leo and his wife, Mary Lou, work as a team to manage their small business.

Related Occupations:

- Secretary •Bookkeeper •Supervisor •Painter •Repairer
- Mechanic •Manager, Auto Repair Services



Wendy Larson, a Bostonian who attended the Museum School of Fine Arts, moved to Maine in the early seventies to raise her family in a rural setting. Today, Wendy is co-owner and operator of Slates and Poppies—two successful restaurants which are located in Hallowell and Auburn, respectively.

"At sixteen, I began working in restaurants and I was drawn to working in kitchens. I am creative by nature. And what I like about cooking is that it allows me to be creative. I find that my approach to cooking allows me to express my artistic side. I worked in area restaurants, but was not given the license to create what I felt was necessary for a supportive work environment or to make decisions around menu choices and quality of preparation.

"I have always had a partner. That made my move to running my own business a lot easier. You could say I'm a cautious risk taker. My current partner, an accountant, was a primary influence behind opening Poppies in Auburn. On my own I doubt if I would have expanded. I always wanted to do something better than any place I had been. I strive for consistent quality. I want everyone's dinner to be wonderful. I love the closeness of the restaurant and although there is lots of pressure, there is still an intimate environment with close friends.

"Yes, I love my work, but there are things I dislike. I have to sacrifice personal time—time for painting and doing other things—often the energy and time I must devote to my business is draining."

Related Occupations:

- Cook •Chef •Short Order Cook •Baker •Meat Cutter
- Bartender •Beverage Manager •Waiter/Waitress •Caterer
- Banquet Supervisor •Restaurant Manager

Kenneth G. Hamilton, founder of H.O.P.E. (Healing of Persons Exceptional), gave up his successful surgical practice in Norway, Maine, to establish a support network for cancer patients, their families, the chronically ill, and persons with AIDS. In 1989, he received a Jefferson Award for his work in this field.

"As a surgeon I found myself working with persons and their families on issues that extended beyond their illnesses and what I as a surgeon could do for them. I recognized the need that individuals had to heal attitudinally and deal with the issues associated with living and dying. I made the step to establish a support network because in many ways it seemed natural and it was time. There was choice, but I also knew intuitively it was the right path for me."

H.O.P.E. is in its early stages of development. Currently, seven groups meet each week from Portland to Bangor. At this point, Dr. Hamilton facilitates groups, trains other facilitators, and promotes the concepts of H.O.P.E. to potential financial supporters.

Related Occupations:

- Program Manager •Fund Raiser •Marketing Director
- Group Leader •Counselor •Medical Social Worker
- Executive Director •Trainer

Freida Larochelle, owner/operator of Larochelle Painting Company, started in commercial painting in 1960 when her husband, Donald, started their small business in Augusta. At first Freida worked as the company's bookkeeper and estimator. When her husband died in 1983, Freida continued the family business with her daughters, Jacqueline and Lorraine.

Freida feels that her company has established a professional reputation for quality and is respected by her contracting peer and fellow workers. "I have purposely kept our company small. It allows us to control quality and as a result we are never short on work." Larochelle Painting performs painting and wall covering for commercial firms. They do very little residential work.

"We have no problems with being women on the worksite. We are accepted. We're not there to raise any banners—just there to make a living."

Both of Freida's daughters are college graduates. Jacqueline, who received her degree in accounting, works her full day at the site and does the company's books at night. Lorraine, an architectural engineer by training, did not enjoy that line of work and now works the job site and does estimating for the company.

"Mostly I like the independence. My work allows me to be creative and I find it interesting. Although I do find my work rewarding, at times, I find myself disliking the long hours and the difficulty of what I do—it's plain hard work."

Related Occupations:

- Estimator • Painter • Wallpaper Hanger • Contractor
- Job Site Supervisor • Bookkeeper • Accountant

Lincoln Gilman, a civil engineer by training, is President of the Portland based Gilman Group, a general contracting firm specializing in remodeling private homes.

"The idea of being in business for myself was probably a spin-off from my father. He was owner/operator of 'Mr G's' IGA in Gorham. My brothers and I grew up knowing that we had to work to go to college. While at the University of Maine, I knew I had to continue working. I always liked making things so I decided to start a leather business and run it out of my Stillwater apartment. When I graduated I was offered three jobs, but decided to work in a leather shop in Old Orchard Beach. This led to my opening my own shop in the Old Port. Together Leather lasted a couple of years and then I got involved with the design, remodeling and eventually opening the Seaman's Club. This project allowed me to apply my university training to a real project. It worked! This gave me great feelings of confidence and empowerment.

"In 1978, I was asked by the owners of Carr Brothers to come up with a design solution to the remodeling of a vacant building which they owned. This was a successful venture. It allowed me to gain visibility and credibility as a building contractor. From here, it was a natural to make the move to my own business. We establish a close yet professional relationship with our clients and those we do business with. We pride ourselves in our work and our integrity."

Related Occupations:

- Carpenter •Drywaller •Electrician •Estimator • Drafter
- Architect •Project Supervisor •Plumber

Betsi Jane Taylor, a State Farm agent since 1982, loves running her own business and meeting the business and financial goals she sets each year.

Prior to running her own insurance business, Betsi worked as a program manager for the State of Maine designing and monitoring employment and training programs. "I enjoyed my work in state government, yet felt a lack of challenge and limited opportunity for upward mobility. I started to look around and decided on looking into sales. I had no interest in insurance, but after several interviews and training sessions decided that insurance would be a great opportunity."

"I have been extremely satisfied. I love owning my own business. It has its headaches, but if you want the challenge and diversity, working for yourself is a great way to go. I love the constant contact with people, both my clients and those who work for me. The paperwork is boring, but it is a necessary part of the business. I love the flexibility and the fact that I can create my own work culture. I am probably one of few employers that offers day care for employees' children in the office. My work is exciting and rewarding. I'm glad I made the move."

Related Occupations:

- Financial Planner
- Stock Broker
- Insurance Clerk
- Underwriter
- Office Manager
- Securities Agent

"TO BE OR NOT TO BE"

For a moment relax, close your eyes and imagine your future place of work. Are you indoors or outdoors? Do you work alone or are you part of a team? Do you have control over your work or are you closely supervised? Do you enjoy your work? Is it challenging? At the end of the day or perhaps at the end of a project, do you feel a sense of achievement? Do you commute to work? Do you find work all consuming? Do you have a family? What is your lifestyle? Is your family secure? If married, does your spouse work? Do you have children? If so, who is responsible for their care?

These are important questions. The answers to them depend upon your definition of self and how you choose to implement that definition. If you choose to work for someone then you have chosen to limit your exposure to financial risk and certain responsibilities. Perhaps you are attempting to achieve balance in your life. Perhaps your personal life and avocations play more important roles than your work life.

Use your gift of imagination. Envision your future. Match your vision to your potential, skills, and abilities. Define your direction and develop a tentative action plan.

On the next page you will find an exercise that will help you assess your thoughts regarding entrepreneurship.

AN ENTREPRENEURIAL DECISION MATRIX

DIRECTIONS: Based on the discussions of entrepreneurial opportunities in the State of Maine, list in the grid below ten characteristics that describe an entrepreneur. Then rate those characteristics in the space provided, with one being not like you and six being a great deal like you.

Characteristics of an Entrepreneur	Rating					
	Not like me			Like me		
	1	2	3	4	5	6
	1	2	3	4	5	6
	1	2	3	4	5	6
	1	2	3	4	5	6
	1	2	3	4	5	6
	1	2	3	4	5	6
	1	2	3	4	5	6
	1	2	3	4	5	6
	1	2	3	4	5	6

Total of Responses: _____

Total score greater than 50 would suggest that you may possess entrepreneurial leanings! Discuss your results with your counselor and friends. And remember this was not a test, but an activity of self discovery.

SUCCESSFUL ENTREPRENEURS 30 YEARS OLD OR YOUNGER IN 1987

- Brett Davis, 28, Troy Nichols Mortgage, a lender in Dallas; 1986 revenues 51.1 billion
- Michael Dell, 22, PC's Limited, mail-order computer components, Austin, TX; \$75 million
- Debbi Fields, 30, Mrs. Field's Cookies, Park City, Utah; \$70 million
- Stephen King, 30, Pizza Huts of Cincinnati Inc.; \$44.5 million
- Jay Adoni, 28, Admos Shoe Corp., shoe manufacturer in Brooklyn, New York; \$35 million
- David Copperfield, 30, David Copperfield's Disappearing, Inc., magician and magic supplies, Los Angeles; \$30 million
- James Calano, 29, CareerTrack, Inc., seminar presenters, Boulder, Colorado; \$26 million
- Kevin Curran, 27, and Doug Macrae, 28, General Computer, hardware manufacturer and software publisher, Cambridge, MA; \$26 million
- Keith McClusky, 27, McClusky Chevrolet, a dealership in Cincinnati; \$20 million

List excerpted from *The Changing Workplace*, 1989, by Carl McDaniels, Jossey-Bass.

THINGS TO THINK ABOUT

- *How much education?*
- *Which courses in high school?*
- *Any additional courses or licenses?*
- *Where are the right schools?*
- *What are the working hours?*
- *Do I have the energy?*
- *Am I willing to assume the risks?*
- *Any areas of specialization?*
- *Financial rewards?*
- *Any extra benefits?*
- *Do I have the vision and the creativity?*
- *Do I have the management skills and the discipline?*

The information in this brochure was compiled by the staff of the Maine Occupational Information Coordinating Committee. Materials were adapted and excerpted from: Maine's *Work/Education Quarterly*; Carl McDaniels' book, *The Changing Workplace*, 1989, Jossey-Bass; *Answers: A Guide to Doing Business in Maine*, 1989, Maine Department of Economic and Community Development; *The State of Small Business: A Report to the President*, 1988; and personal interviews. Maine small business data was collected by the Division of Economic Analysis and Research, Maine Department of Labor.

For related information, contact your guidance counselor to obtain information from the Career Information Delivery System and the Occupational Profiles found in the Maine Job Box.